

School Business Alert

June 2, 2010

This edition of the School Business Alert contains highlights of information previously shared that is pertinent to the CAR-COA. Please direct questions on the CAR-COA to Denise Ragias or Janice Evans.

Uniform Financial Accounting and Uniform Administrative Procedures Manuals

Uniform Financial Accounting Manual, Chart of Accounts, Medicaid Journal Entries

The Uniform Financial Accounting Manual was updated last year to remain consistent with the federal financial accounting manual for school systems which was updated in 2009. The Iowa UFA manual, along with the latest version of the Chart of Accounts and a link to various journal entries, is available on the DE's website at:

http://www.iowa.gov/educate/index.php?option=com_content&view=article&id=280&Itemid=2450

The path is School Business & Finance/ Accounting & Reporting/ Uniform Financial Accounting.

Uniform Administrative Procedures

Many of the chapters of the Uniform Administrative Procedures handbook have been updated. School district and AEA procedures are being combined in the new chapters. Until the entire handbook is completed, school districts will find their handbook's chapters at:

http://www.iowa.gov/educate/index.php?option=com_content&task=view&id=1629&Itemid=2439

and AEAs will find their handbook's chapters at:

http://www.iowa.gov/educate/index.php?option=com_content&view=article&id=1434&Itemid=2438

The path is School Business & Finance/ Procedures/ Uniform Administrative Procedures.

CAR-COA

Discontinued Funding

In the event that a categorical funding source is discontinued and an unexpended balance remains, the school district or area education agency shall carry forward the unexpended balance and expend the remaining balance within the subsequent 24 months for the purposes for which allowed in the final year that the funding was allocated or granted prior to discontinuation unless a rule in this chapter provides for a longer period (IAC 281—97)

Please be sure to use the funds available for discontinued programs. This would include Educational Excellence Phase I and Phase III, and certain discontinued Teacher Quality programs. Market Factor monies are exempt from the 24 month rule per senior staff. However, the districts should use the money as soon as possible on allowable uses. Please refer to Chapter 98 for appropriate uses of the various categorical funding. Categorical funding streams

that were converted from grants in aid to budgetary allocations are not considered to be discontinued. This would include Early Intervention, Teacher Quality Professional Development, and the Phase II and Teacher Quality Basic Salary allocations that were combined into the Teacher Salary Supplement. The Chapter 98 of the Iowa Administrative Code is located on the web at: <http://www.legis.state.ia.us/aspx/ACODocs/DOCS/6-2-2010.281.98.pdf>

Codes

A few changes or additions to coding from this past year are again brought to your attention. Changes to the Chart of Accounts are listed in the front of that document by the month they were added. A quick review of these may be helpful in identifying changes that are applicable to your district.

- Microsoft Settlement – the latest round of this settlement for Iowa Schools should be coded to Source/Project 1996
- Gifted and Talented (TAG) – the program code has been changed to 47X. 27X is no longer valid.
- The program dimension is required for all account codes. The CAR edits have been modified to check this for balance sheet accounts.

Edit Clarifications

- **Numbers on the error messages**

This year numbers have been added to the beginning of the error messages. The first number relates to the stage the edit is in. The second number is the edit number within the stage. If there is a third number, it is the id number on an edit. Our intent is to assist you in easily communicating to us to which error message you are referring and for us to quickly identify that message.

- **Questions**

- The series of questions that must be answered the first time that a file is uploaded affects the types of edits that the file goes through. Please be sure to read these carefully and answer correctly paying particular attention to the items listed below.
 - **Land Improvement.** Activities concerned with making permanent improvements to land, such as grading, filling, and environmental remediation. Only funds 23, 24, and 31-39.
 - **Building Improvements.** Activities concerned with building additions and with installing or extending service systems and other built-in equipment. Only funds 23, 24, and 31-39.
 - There are no particular minimum dollar values placed on the above improvements.
- To change the answers to questions, a district must reupload the file. Go to the status page, change the answers, click on submit, and then go through the stages again. This will retain the change in answers.

- **CAR Edit 4-11**

In the Stage 4 reconciliation edits, districts may receive the following edit message:

(4-11) For project xxxx the ending Reserved Fund Balance of \$xx does not equal the beginning Reserved Fund Balance of \$xx minus prior year deferred receivables (Account 481) of \$xx plus current year revenues of \$xx minus current year expenditures of \$xx

plus the DE Adjustment of \$xx plus current year deferred receivables (Account 481) of \$xx.

- It is possible, but highly unlikely, that a district will have a deferred receivable with a state project. A deferred receivable is possible if revenue is not received in a timely basis. This edit message is generic to fit all situations but it will be rare that a district has a receivable/deferred revenue for a state project.
- **Edit (3-22) Teacher Salary Supplement**

The amount reported in Function XXXX and Program XXX, Object 121 is greater than 0. The amount reported for Teacher Salary Supplement (Project 3204) must also be greater than 0.

- *TSS should be representative of all programs and functions to which teacher salaries are coded.*

Local Projects

The procedure for local project revenue remains the same as last year. The revenue from the following local project codes does not have to be specifically coded since the funding is paid from a combination of state aid and property tax, and it would be difficult to get the actual distribution correct. On the other hand, the expenditures must include the project code, and if there are any remaining funds, a fund balance must also be reserved, and the account must include the project code. These local projects are:

- 1112 – Limited English Proficient (LEP)
- 1113 – Home School Assistance Program (HSAP)
- 1116 – Weighted At-Risk Program
- 1118 – Gifted and Talented Program
- 1119 – Returning Dropout and Dropout Prevention Programs

Remember to include with these projects any increased budget authority granted by the SBRC or any required local match.

A spreadsheet is available on the web for local projects:

http://www.iowa.gov/educate/index.php?option=com_content&task=view&id=1621&Itemid=2408

The path is School Business & Finance/ Accounting & Reporting/ CAR

Taxes

Some things to remember about taxes:

➤ **Current Year Property Taxes**

Taxes received after June 30 for FY10 (July and August taxes) should be booked as a receivable in FY10 as follows:

- Debit Fund XX, Account 121 (account id 1) – Taxes receivable
- Credit Fund XX, Source 111x (account id 8) – Property taxes

Note that Mobile Home taxes have their own receivable code of 143 and their own source code of 1191.

➤ **Succeeding Year Property Taxes**

Pursuant to GASB statement 33, all districts should book the succeeding year's property taxes as follows:

- Debit Fund XX, Account 123 (account id 1) – Succeeding-year property tax receivable
- Credit Fund XX, Account 482 (account id 4) – Deferred revenues for succeeding-year property taxes receivable

The amounts for these taxes may be found at the Department of Management's website at:

<http://www.dom.state.ia.us/local/schools/index.html>. They are (or will be) listed in the document called Outstanding Property Tax Levies and Maximum Levy Limits FY11.

➤ **Income Surtax Receivable**

The income surtax information on the FY10 Aid and Levy must be recorded as a receivable since the taxes have been certified but not yet collected and paid to the district. Voted PPEL is on Line 19.6 and General Fund is on Line 20.11.

- Debit Fund XX, Account 144 (account id 1) – Income Surtax Receivable
- Credit Fund XX, Account 484 (account id 4) – Deferred revenue for Income Surtax Receivable

CAR Extension Process

Extensions are available for good cause. Good cause as defined by the SBRC shall include illness or death of the school district or AEA staff member responsible for the filing, acts of God, unforeseeable circumstances which in the opinion of the director of the department of education constitute sufficient cause for allowing submission after the due date, or the data collection being down for an extended period of time (a full week or more) during the reporting phase of the data collection (excluding the testing phase). These extensions should be requested as soon as possible upon determining that the district or AEA will not be able to meet the deadline and no later than September 1. Extension requests should be submitted to Denise Ragias, denise.ragias@iowa.gov, 515-281-4741, to be reviewed by the entire staff.